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Circular Letter

TO: ALL PUBLIC AGENCIES

SUBJECT: 1959 SURVIVOR EMPLOYER CONTRIBUTION FOR FISCAL YEAR
2007-2008

On May 15, 2007, the CalPERS Board of Administration approved the Public Agency 1st, 2nd, 3rd, 4th, and Indexed Level pool employer rates for the 1959 Survivor Pre-retirement Death Benefit. This benefit pays a monthly amount to the survivor(s) of a member who dies while actively working for a public agency that contracts for this benefit. This benefit applies only to active employees not covered by Social Security.

The **employer** contribution rates, in effect for fiscal year 2007-2008 are as follows:

Pool Name	Per Member, Per Month Contribution		Funded Ratio of the Pool Based on Market Value of Assets		
	Employer	Employee	2007-2008	2006-2007	2005-2006
1 st Level Pool:	\$0.00	\$2.00	1,152.7%	1,048.2%	872.7%
2 nd Level Pool:	\$0.00	\$2.00	394.7%	368.1%	361.7%
3 rd Level Pool:	\$0.00	\$2.00	346.6%	325.9%	302.6%
4 th Level Pool:	\$2.80	\$2.00	141.8%	139.6%	138.2%
Indexed Level Pool:	\$0.80	\$2.00	160.2%	157.1%	159.0%

The **employee** contribution rate for each pool remains at \$2.00 per member, per month for fiscal year 2007-2008.

DO NOT MAKE ANY CHANGES TO YOUR PAYROLL REPORTING OR CONTRIBUTIONS AS A RESULT OF THIS CIRCULAR LETTER. We are providing the above premium amounts for informational and budgeting purposes only. We are not requesting employer remittance at this time.

CalPERS will send invoices for the employer contributions at the mid-point of the fiscal year. At that time, invoices will be sent directly to agencies that have a positive employer contribution for fiscal year 2007-2008 as a single lump-sum payment covering the entire fiscal year.

The employer contribution of \$2.80 per member per month for the Fourth Level pool and \$0.80 for the Indexed Level pool will apply only to employers that contracted for these benefits prior to May 15, 2002. Employers who amended or contracted for these benefits on or after May 15, 2002 were required to pay the full normal cost for a period of five years. Thus, they will not be charged this year's cost of \$2.80 for the Fourth Level pool or \$0.80 for the Indexed Level pool, as that would result in a double payment.

Actual employer costs for each benefit level will vary from year to year due to investment returns and mortality gains and losses experienced by the pool. An indication of when future employer contributions may be required can be obtained by examining the funded ratio of the pool. As a pool's funded ratio approaches 100%, the higher the likelihood the pool will require employer contributions.

The monthly benefit payable to survivors in the Indexed Level increases by 2% each calendar year. Benefit amounts are \$574, \$1,149, and \$1,723 for 1, 2 or 3 eligible survivors respectively for calendar year 2007. Benefit amounts will increase to \$585, \$1,172, and \$1,757 for 1, 2, or 3 eligible survivors respectively for calendar year 2008.

If you have any questions, please call the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

A handwritten signature in black ink, appearing to read "Ron Seeling", with a stylized flourish at the end.

Ronald L. Seeling, Chief Actuary
Actuarial and Employer Services Branch